



February 20, 2007

## HOUSE BILL No. 1480

DIGEST OF HB 1480 (Updated February 20, 2007 1:20 pm - DI 114)

**Citations Affected:** IC 33-38; noncode.

**Synopsis:** Judges' pensions. Allows a participant in the 1985 judges' retirement system to elect to make additional contributions after 22 years. Requires the pension management oversight commission to identify a way to harmonize the benefit structures of the 1977 and 1985 judges retirement systems. Allows service credit accrued by a full-time referee, full-time commissioner, or full-time magistrate after leaving an elected term on the bench to be granted to a participating judge in the 1977 judges' retirement system if certain conditions are met.

**Effective:** July 1, 2007.

**Kuzman**

January 23, 2007, read first time and referred to Committee on Ways and Means.  
January 26, 2007, reassigned to Committee on Rules and Legislative Procedures.  
February 15, 2007, reassigned to Committee on Ways and Means.  
February 20, 2007, amended, reported — Do Pass.

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HB 1480—LS 6786/DI 102+



February 20, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1480

A BILL FOR AN ACT to amend the Indiana Code concerning courts and court officers.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 33-38-7-18 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) This section  
3 applies to a person who:  
4 (1) is a judge participating under this chapter;  
5 (2) ~~before becoming a judge~~ was appointed by a court to serve as  
6 a full-time referee, full-time commissioner, or full-time magistrate  
7 **either:**  
8 (A) **before becoming a judge; or**  
9 (B) **after leaving an elected term on the bench;**  
10 (3) was a member of the public employees' retirement fund during  
11 the employment described in subdivision (2); and  
12 (4) received credited service under the public employees'  
13 retirement fund for the employment described in subdivision (2).  
14 (b) If a person becomes a participant in the judges' 1977 benefit  
15 system under section 1 of this chapter, credit for prior **or subsequent**

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1 service by the judge as a full-time referee, full-time commissioner, or  
 2 full-time magistrate shall be granted under this chapter by the board if:

3 (1) the prior service was credited under the public employees'  
 4 retirement fund;

5 (2) the state contributes to the judges' 1977 benefit system the  
 6 amount the board determines necessary to amortize the prior  
 7 service liability over a period determined by the board, but not  
 8 more than ten (10) years; and

9 (3) the judge pays in a lump sum or in a series of payments  
 10 determined by the board, not exceeding five (5) annual payments,  
 11 the amount the judge would have contributed if the judge had  
 12 been a member of the judges' 1977 benefit system during the prior  
 13 service.

14 (c) If the requirements of subsection (b)(2) and (b)(3) are not  
 15 satisfied, a participant is entitled to credit only for years of service after  
 16 the date of participation in the 1977 benefit system.

17 (d) An amortization schedule for contributions paid under  
 18 subsection (b)(2) or (b)(3) must include interest at a rate determined by  
 19 the board.

20 (e) The following provisions apply to a person described in  
 21 subsection (a):

22 (1) A minimum benefit applies to participants receiving credit in  
 23 the judges' 1977 benefit system from service covered by the  
 24 public employees' retirement fund. The minimum benefit is  
 25 payable at sixty-five (65) years of age and equals the actuarial  
 26 equivalent of the vested retirement benefit that is:

27 (A) payable to the member at normal retirement under  
 28 IC 5-10.2-4-1 as of the day before the transfer; and

29 (B) based solely on:

30 (i) creditable service;

31 (ii) the average of the annual compensation; and

32 (iii) the amount credited under IC 5-10.2 and IC 5-10.3 to  
 33 the annuity savings account of the transferring member as of  
 34 the day before the transfer.

35 (2) If the requirements of subsection (b)(2) and (b)(3) are  
 36 satisfied, the board shall transfer from the public employees'  
 37 retirement fund to the judges' 1977 benefit system the amount  
 38 credited to the annuity savings account and the present value of  
 39 the retirement benefit payable at sixty-five (65) years of age that  
 40 is attributable to the transferring participant.

41 (3) The amount the state and the participant must contribute to the  
 42 judges' 1977 benefit system under subsection (b) shall be reduced

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by the amount transferred to the judges' 1977 benefit system by the board under subdivision (2).

(4) If the requirements of subsection (b)(2) and (b)(3) are satisfied, credit for prior service in the public employees' retirement fund as a full-time referee, full-time commissioner, or full-time magistrate is waived. Any credit for the prior service under the judges' 1977 benefit system may be granted only under subsection (b).

(5) Credit for prior service in the public employees' retirement fund for service other than as a full-time referee, full-time commissioner, or full-time magistrate remains under the public employees' retirement fund and may not be credited under the judges' 1977 benefit system.

(f) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1977 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1977 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 2. IC 33-38-8-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A participant shall make contributions to this fund of six percent (6%) of each payment of salary received for services as judge. However, the employer may elect to pay the contribution for the participant as a

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pickup under Section 414(h) of the Internal Revenue Code.

(b) Participants' contributions, other than participants' contributions paid by the employer, shall be deducted from the monthly salary of each participant by the auditor of state and by the county auditor and credited to the fund as provided in IC 33-38-6-21 and IC 33-38-6-22.

However, a contribution is not required:

(1) because of any salary received after the participant has contributed to the fund for twenty-two (22) years; or

(2) during any period that the participant is not serving as judge.

**(c) A participant may elect to make additional contributions after twenty-two (22) years.**

**SECTION 3. [EFFECTIVE JULY 1, 2007] (a) The pension management oversight commission shall identify a way to harmonize the benefit structures of:**

**(1) the judges' 1977 retirement, disability, and death benefit system established under IC 33-38-7; and**

**(2) the judges' 1985 retirement, disability, and death benefit system established under IC 33-38-8.**

**(b) This SECTION expires November 1, 2008.**

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1480, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning courts and court officers.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1480 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 21, nays 0.

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